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C O N F I D E N T I A L SECTION 01 OF 05 OTTAWA 000448

SIPDIS

FOR S FROM CDA TERRY BREESE

E.O. 12958: DECL: 06/09/2019
TAGS: [PREL](#) [PGOV](#) [ECON](#) [ETRD](#) [CA](#)
SUBJECT: SCENESETTER FOR THE SECRETARY'S MEETING WITH
CANADIAN FM CANNON

Classified By: CDA Terry A. Breese, reason 1.4 (d)

¶1. (SBU) Mission Canada warmly welcomes the Secretary to the International Joint Commission centennial celebration on June 13 and to the bilateral meeting with Foreign Minister Lawrence Cannon. I along with Consul General John Nay and his staff from Toronto will be on hand to welcome you.

¶2. (SBU) Canadians were thrilled that President Obama chose Canada as his first foreign destination after Inauguration, and are keen to have you return as his Secretary of State. More than once, Canadians have mentioned your Rideau Canal skating outing as First Lady. Secretary of Homeland Security Janet Napolitano's May 26-27 went very well, despite lingering Canadian complaints about a perceived "thickening of the border" and concerns over the June 1 implementation of the Western Hemisphere Travel Initiative's (WHTI) document requirements for land and sea entry into the U.S. (See para 11.)

Mission Canada

¶3. (U) In addition to the Embassy in Ottawa, the U.S. maintains consulates general in Halifax (our oldest, since 1833), Quebec City, Montreal, Toronto, Calgary, and Vancouver as well as an American Presence Post in Winnipeg and Virtual Presence Posts for Southwest Ontario and for the three "North of Sixty" (degrees latitude) territories. Mission personnel total nearly 1100, representing sixteen U.S. Government agencies. Approximately half are involved in Preclearance Operations at major Canadian airports, a fairly unique service for diplomatic missions overseas. There is a separate U.S. Mission to the International Civil Aviation Organization in Montreal. President Obama's nomination on June 4 of David Jacobson as the next U.S. Ambassador to Canada was front page news here.

The Political Landscape

¶4. (C) Prime Minister Stephen Harper's Conservative Party holds only 143 of the 308 seats in the House of Commons, making governance inherently dependent upon the tacit or explicit concurrence of at least one of the three opposition parties: the Liberals (the official opposition); the Bloc Quebecois; and the New Democratic Party. The Conservatives picked up only sixteen additional seats in the October 2008 election, which the Prime Minister -- unusually -- had requested, citing "dysfunctional" Parliamentary conditions. Polls during the campaign had indicated PM Harper might win a majority, but campaign mis-cues cost the Conservatives many votes, especially in Quebec. The Liberals suffered their worst election in history, but have since chosen a more dynamic leader -- Michael Ignatieff, a former Harvard University professor -- and are steadily picking up national support, especially in the vote-rich provinces of Ontario and Quebec. Despite calls within the ranks of both the

Conservatives and the Liberals for an early election, the government should easily survive until the scheduled Parliamentary summer recess begins o/a June 24, but it still faces a growing likelihood of another federal election in fall 2009 or spring 2010. Virtually no one predicts that the government will survive beyond spring 2010. Both the Conservatives and the Liberals will be watching the polls -- and the economic statistics -- very closely to assess the most advantageous time again to face the voters -- who, by and large, are not in the least clamoring for yet another election, which would be the third in four years. The continued dominance of the Bloc Quebecois in the province of Quebec makes it unlikely that either the Conservatives or the Liberals could form a majority government after the next election, however.

15. (C) The focus of the government in 2009 remains squarely on the economy and Canada's own stimulus package. Canada has been enjoying its relative strength among G-20 members and overseeing the healthiest banking system in the G-8. U.S.-Canadian cooperation on stimulus packages, auto sector assistance, and G-20 planning has been seamless and very positive. For Ottawa, creating the first budget deficit in more than a decade was a politically sensitive issue for the Conservatives, who have faced considerable criticism from the Liberals for having reduced taxes that would have given Canada a greater cushion in these times, and then for allegedly misleading the public about the projected size of the deficits. The Liberals, who also had earlier pledged their own opposition to budget deficits, have offered few policy alternatives in face of the worldwide and domestic recession, other than temporary expansion of unemployment

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benefit coverage on a nationwide (not regional, as at present) basis.

16. (C) Foreign policy was not a major campaign issue in the October 2008 election and is unlikely to be one in the next election. The Conservatives and Liberals jointly supported a March 2008 Parliamentary motion that extended Canada's combat mission in Kandahar, Afghanistan from 2009 to 2011, but specified that troop withdrawals would begin in July 2011 and be complete by December 2011. Neither party has shown any inclination to revisit this issue, nor would there be public support for a further extension. It is inconceivable that the government would seek to alter this decision until after the next election, if then. Defence Minister Peter MacKay, on a recent visit to Kandahar, was unusually forward-leaning in discussing Canada's post-2011 military involvement in Afghanistan, but made clear this would be limited to support for humanitarian, developmental, and security force training missions. The Liberals have criticized the Conservatives for limiting most of Canadian foreign assistance to only 20 priority targets (few in Africa), for not seeking the repatriation of Canadian Guantanamo Bay detainee Omar Khadr, and for not issuing a passport to Sudanese-Canadian Abousfian Abdelrazik (now in Sudan), who is on the 1267 Committee's "no fly" list (at the U.S. request). The Federal Court on June 4 ordered the government to repatriate Abdelrazik within 30 days; the government is likely to appeal this decision, as it did a similar recent court decision ordering the government to seek Omar Khadr's repatriation.

Foreign Policy priorities

17. (SBU) Since taking office in 2006, Prime Minister Harper has highlighted key foreign policy priorities:

- the importance of good relations with the U.S.;
- Canada's role in Afghanistan;
- the Americas;
- emerging markets, notably India and China;
- investing in a Canada First Defence Strategy;
- protection of Canada's Arctic sovereignty; and,

-- promotion of Canada's democratic ideals abroad.

¶8. (U) Top aid recipients include Afghanistan, Haiti, and Darfur/Sudan, but other priority recipients now include:

- Bangladesh
- Bolivia
- the Caribbean
- Colombia
- Ethiopia
- Ghana
- Honduras
- Indonesia
- Mali
- Mozambique
- Pakistan
- Peru
- Senegal
- Tanzania
- Ukraine
- Vietnam, and
- West Bank/Gaza.

¶9. (C) U.S. and Canadian officials work closely on the entire gamut of U.S. foreign policy issues, including non-proliferation, counterterrorism, UN reform, human rights, counter-piracy, NATO, and North Korea. Canada has announced its intention to seek a UN Security Council seat for 2011-12, and hopes for U.S. support. It supported the U.S. candidacy for the UN Human Rights Council, where it played an often lonely role defending human rights and, in particular, Israel, during its tenure. In addition to the efforts by U.S. Mission Canada and Canada's Embassy and consulates general throughout the U.S., there is a steady stream of visits in both directions as well as regular telephone, email, and DVC exchanges. Acting A/S for Political-Military Affairs Frank Ruggerio visited in April for talks about the International Trade in Arms Regulations (ITAR); Canada is pushing for us to expand the terms of a 2007 Exchange of Letters covering certain Canadian governmental agencies to include the Canadian defense industry. Special Envoy for Guantanamo Daniel Fried visited in May in an ultimately unsuccessful effort to encourage Canada to accept at least three Uigher detainees from Guantanamo who have applied for refugee resettlement in Canada. Acting A/S for Democracy, Human Rights, and Labor Karen Stewart visited in May for the first U.S.-Canada Democracy Support Consultations.

Bilateral issues

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¶10. (C) While the Canadians prize their close and successful ties with the U.S. -- both at the federal and the state levels -- they always carry a chip on their shoulder that we do not pay enough attention to Canada, that Americans understand little about the extent of the U.S.-Canada relationship (especially on trade and energy), and that Canada is condemned always to play "Robin" to the U.S.' "Batman." There is a persistent undercurrent of anti-Americanism never far beneath the surface, especially among academic and cultural elites, and Canadian politicians have more often than not tried to keep a dignified distance from their U.S. counterparts, at least in public. President Obama's huge popularity in Canada has tempered this phenomenon, at least temporarily, but already charges have begun to appear in the Canadian media that President Obama is, in effect, the "real Prime Minister of Canada," especially in light of U.S. decisions on economic stimulus, the auto sector bailout, and climate change. The announcement by the Prime Minister's spokesman on June 4 that Canada had declined a U.S. request to take some of the Uighur detainees from Guantanamo Bay was major news here.

¶11. (C) The U.S. and Canada enjoy the world's largest

trading relationship, with more than \$1.5 billion in two-way trade crossing the border each day, including 77 pct of all Canadian exports. The border is central to Canada's economic well being, and Canadians chafe at what they call a "thickening of the border" since 9/11. Canadians claim that these U.S. actions have driven up business costs, damaged their tourism industry, and delayed border crossers. The problem-free implementation of the WHTI at land and sea ports of entry on June 1 damped down these complaints only briefly.

The business and trade communities in the U.S. and Canada both believe that the "balance" between trade and security has been tilted too far toward security, and were hopeful that the Obama Administration will tilt that balance back. Early statements by the President and, particularly, by Secretary Napolitano, have been a dose of cold reality.

¶12. (C) Canadians are increasingly concerned with "Buy American" provisions in U.S. legislation (e.g., the American Recovery and Reinvestment Act), and calls for retaliation are growing. Canadian officials and businesses claim that the "Buy American" provisions are protectionist, and threaten serious economic damage to both American and Canadian firms and their joint supply chains. Despite pressure to retaliate, the federal government has publicly rejected new protectionist measures as counterproductive and harmful to the Canadian economy. Instead, Canadian officials are lobbying the Administration and Congress for some kind of relief. Canada's provinces (with Ottawa's encouragement) have also signaled a willingness to open their procurement markets in exchange for greater procurement access at the U.S. state and municipal levels. Specifically, the provinces have called for the "negotiation of a broad, reciprocal procurement liberalization agreement covering federal, provincial/territorial, and state government measures."

¶13. (C) Canadians wish that more Americans would recognize that Canada is the largest source of imported energy for the U.S. (including oil, natural gas, and electricity). At the same time, many in industry and the government are concerned that proposed low carbon fuel standards and similar measures in the U.S. may limit Canada's exports of production from its oil sands deposits, and oil sands exploitation is subject to harsh criticism from Canada's own environmentalists. Many are also concerned that the President's energetic calls to develop renewable energies and reduce our reliance on imported oil will also impact their energy exports to the U.S. Canada is rich in hydroelectric power, has similar objectives for developing renewables, and is working strenuously to improve the environmental impact of production from the oil sands.

¶14. (C) Although the official opposition Liberal Party has been the most vocal on climate change issues, the Conservative government proposed measures to limit greenhouse gas emissions in 2007 and largely supports U.S. climate positions internationally, including in the run-up to COP-15 in Copenhagen. Canada participates actively in multilateral climate/energy partnerships and would ideally like to coordinate domestic climate policies with the U.S., at least in part for industry competitiveness reasons. As indication of the seriousness with which Prime Minister Harper regards climate change, he gave the environment portfolio to Jim Prentice, his cabinet's strongest member, following the election in October 2008.

¶15. (C) Arctic sovereignty is a motherhood-and-apple-pie

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issue for Canadians of all political persuasions, and they are deeply suspicious of assertions by the U.S. (and most other concerned nations) that the Northwest Passage is a strait for international navigation, not part of Canada's territorial sea. The new Arctic policy issued at the end of the Bush Administration, which reasserted our views on the Northwest Passage and emphasized cooperation among Arctic

nations, has re-ignited these suspicions.

INTERNATIONAL JOINT COMMISSION

¶16. (C) The United States and Canada established the International Joint Commission (IJC) under the 1909 Boundary Waters Treaty to help resolve cross-boundary water disputes. Each nation appoints three commissioners and the IJC maintains offices in both countries. Among the issues successfully addressed by the IJC are water apportionment between the St. Mary and Milk Rivers (Montana/Alberta/Saskatchewan), a study of parasites in Devils Lake (North Dakota) to determine whether transferring flood waters to the Red River (Manitoba/Hudson Bay Basin) would endanger the ecosystem, and the establishment of several international watershed boards where stakeholders at the local level to make decisions on managing their shared waters. The June 13 centennial anniversary of the Boundary Waters Treaty will celebrate the world's first environmental agreement -- one that has become internationally recognized as a model of bi-national governance and joint stewardship.

LAW ENFORCEMENT COOPERATION

¶17. (SBU) Law enforcement cooperation at the working level across Canada already functions well, and Mission Canada continues to address legal, policy, and regulatory gaps to strengthen the relationship. U.S. law enforcement agencies in Canada include: Immigration and Customs Enforcement, Drug Enforcement Administration, Customs and Border Protection, Bureau of Alcohol, Tobacco and Firearms, Secret Service Federal Bureau of Investigation, and the U.S. Coast Guard (USCG). Daily these agencies work with counterparts, including the Royal Canadian Mounted Police (RCMP), the Canada Border Services Agency, and local law enforcement agencies with a focus on cross-border cooperation. Examples of joint law enforcement cooperation include Integrated Border Enforcement Teams and the recently signed Shiprider Agreement, under which USCG and RCMP members are allowed aboard one another's vessels to enforce maritime laws. Cooperation in the lead-up to the 2010 Winter Olympics is ongoing, and the United States is prepared to provide appropriate assistance to Canada. However, gaps in information- and intelligence-sharing due to Canadian privacy concerns under its Charter of Rights and Freedoms remain a challenge.

TRILATERALISM

¶18. (C) Since the implementation of the North American Free Trade Agreement in 1994 and the Security and Prosperity Partnership (SPP) in 2005, many Canadians have become concerned that trilateralism has come at the expense of the bilateral relationship. Recent comments by Secretary Napolitano about treating both borders equally, as well as the WHTI provisions, further fueled these worries. Canada understands the U.S. rationale for inclusion of Mexico in North American discussions, but would likely not lose any sleep over the SPP's demise in the new Administration. Canada, however, values the trilateral summit process, and Minister Cannon will want to discuss ways to bring greater focus to the upcoming North American Leaders' Meeting in Qfocus to the upcoming North American Leaders' Meeting in Guadalajara, Mexico August 10-11. Canada wants foreign ministers to play a greater role preparing for the leaders' meetings as in the G-8 process, and supports holding a trilateral ministerial ahead of Guadalajara. Whatever trilateral format emerges, the Canadians would like greater focus on climate, energy, and economic issues. Canada will also continue to seek opportunities for frequent bilateral talks between the President and the Prime Minister.

KEY THEMES

¶19. (SBU) In your public remarks, these points would be most useful from Mission Canada's perspective:

- Canada is a true friend, trusted ally, valued trading partner, and democratic model for the world;
- around the world, the U.S. and Canada are working

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together to defeat terrorism, promote economic development through trade and investment, prevent the proliferation of weapons of mass destruction, and advance the cause of human freedom and dignity;

-- Canada and the U.S. are blessed to share the beauties and riches of North America, and will strive individually and jointly to protect and preserve its environment, while ensuring that our nations and the world benefit from its extensive natural and human resources;

-- our highly integrated economies are now facing enormous challenges, but with our traditional resilience, creativity, sacrifice, and cooperation, our two countries will emerge from this crisis stronger than ever;

-- while we share the prosperity that comes with the world's largest bilateral trade relationship, we also share the threats to that prosperity from international terrorism and transnational crime;

-- 21st century technology can help ensure safer and more efficient transit of goods and people across this longest undefended border in the world, and we need to work together more fully to understand each other's security and trade needs and to build a shared vision for the security of our two nations from new threats while investing in technology and infrastructure that can secure, support, and expand the benefits of our trade;

-- Canada has paid a high price in human life to help the people of Afghanistan emerge from their dark era under the Taliban, and the U.S. salutes these Canadian contributions to the building of a democratic and successful society in that troubled land and counts on continued Canadian cooperation to achieve this goal;

-- Our shared values and aspirations will continue to underpin a robust, mutually respectful, and hugely successful friendship and partnership that benefits not only our two peoples but the world.

If asked:

-- President Obama has ordered the closure of Guantanamo Bay in 2010, and we continue to discuss with our allies and friends how best to deal with the remaining detainees;

-- the legal proceedings of Canadian detainee Omar Khadr are ongoing, and it would be inappropriate for me to discuss details of his case;

-- the U.S. and Canada maintain extensive cooperation in the Arctic. The U.S. does not question Canada's sovereignty over its Arctic lands; our differences regard the characterization of the Northwest Passage, which we view as a strait for international navigation. On that point, the U.S. and other maritime nations take the position also set forth in the UN Convention on the Law of the Sea.

Visit Canada's North American partnership community at <http://www.intelink.gov/communities/state/nap/>

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